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E.O. 12958, as amended  
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By AB NARA Date 11/1/05

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UNDER SECRETARY OF STATE  
FOR POLITICAL AFFAIRS

WASHINGTON

NSC UNDER SECRETARIES COMMITTEE

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(~~SECRET~~ ATTACHMENT)

January 30, 1973

MEMORANDUM FOR THE PRESIDENT

Subject: Study of the COCOM System

On March 29, 1972, you directed that the Under Secretaries Committee, following the COCOM List Review, undertake a basic examination of how the COCOM system should be used in the future to control exports to Communist countries.

The Committee's report is attached. All agencies agree that the system has been effective and has made a valuable contribution to the success of our deterrent strategy. All agree also that there have been problems in maintaining the cooperation of the other COCOM members and that these problems threaten the continued effectiveness of the system. Generally speaking, the U.S. has been in favor of maintaining more extensive controls than our COCOM partners who are constantly seeking reductions in the embargo coverage. Our difficulties in COCOM are presently exacerbated by the prevailing spirit of detente, the new emphasis on East-West trade, and increased commercial pressures which have accompanied these developments in the U.S. as well as abroad. Defense believes many of our difficulties in COCOM are also traceable to deep-seated differences in viewpoint toward COCOM among the principal U.S. departments and agencies involved in the Washington decision-making machinery.

The agencies have agreed that we should reject the more extreme options of abolishing COCOM and

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relying on U.S. unilateral controls and bilateral understandings (Option D), or reconstituting COCOM as an East-West trade coordinating body (Option E). The agencies have also agreed on a number of procedural steps to help the system function more smoothly (Option B, parts 1-3). The agencies differ, however, on the more basic course of action which the U.S. should adopt in dealing with the difficulties described above.

There are two such basic approaches reflected in the study:

- the first, proposed by Defense (Option A) and supported by AEC specifically as regards Sub-Options A (4)-(6), seeks to prevent deterioration of COCOM by a positive U.S. program whose chief thrust would be to secure greater recognition at home and abroad of the important and direct linkage between national security and U.S. defense expenditures on the one hand and strategic trade controls on the other;
- the second, proposed by State and Commerce, envisages a thorough analysis of the embargo list well in advance of the next COCOM List Review in order to satisfy both ourselves and our COCOM partners that we have made every effort to limit the embargo coverage to the minimum necessary based on sound strategic evaluations -- a program as set forth in Sub-Option C (4) that would utilize the government-industry technical advisory groups provided for in the Export Administration Act as recently amended and would assure that U.S. objectives in COCOM are fully consistent with our changing political and economic relationships with the Communist countries.

The comments of the members of the Committee have applicability to these two approaches. Defense and AEC, as qualified, would not reject a careful review

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of the embargo list provided it is undertaken in connection with the program outlined in Option A and does not presuppose a further sharp reduction. Defense believes, however, that the thrust of the review would be to reduce the controls considerably below their present levels in order to reduce the COCOM workload and help to eliminate present frictions with other COCOM members. Defense believes this approach should be rejected first on security grounds, because a sharp reduction has just been made, and second, on practical grounds because our COCOM partners are not appeased by such U.S. action.

On the other hand, while neither State nor Commerce supports Defense-proposed Option A as set forth, Commerce believes that the approaches to other governments foreseen in Sub-Options A (1) and (4) could, indeed, be useful if tied to implementation of Sub-Option C (4) but believes strongly that the advantages from pursuing these approaches would be maximized if they were not made now but at the outset of the next COCOM List Review, which will probably occur in late 1974 or early 1975. State considers that such approaches at an appropriate time and level might well be useful, but believes it is too soon now to determine the timing and form of such tactics. Unlike DOD, State also believes that we cannot properly influence the degree to which defense elements in member governments have a role in COCOM matters (Sub-Option A (2)) and that it would be impractical to try to relate COCOM formally to NATO (Sub-Option A (3)). The Atomic Energy Commission favors a positive program to prevent deterioration of COCOM as reflected in Option A and specifically recommends Sub-Options (4), (5), and (6). The Commission has also expressed the view that a review of the COCOM List should be undertaken within the kind of current policy guidance or criteria suggested in Sub-Option A (5) without preconception of how the list should be limited.

The choice between these two approaches involves a decision on the priority to be given the COCOM effort

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in relations to other elements in our national policies. The first approach involves a concerted and strenuous U.S. initiative to strengthen support for the system. It is based on a relatively high appreciation of COCOM's past achievements and a pessimistic view of its future effectiveness without this major effort. The other approach would attempt to assure that U.S. efforts in COCOM are in perspective with current developments in East-West relations; it is based on a pessimistic view of the prospects for influencing our allies toward a stronger course of action in COCOM.

In Defense's view, nothing in the Committee's report shows our COCOM effort to be in conflict with other elements of our national policies. On the contrary, as pointed out above, the system makes a valuable contribution to the success of our deterrent strategy and thus augments a major element of our policies -- national defense. Moreover, it is precisely "to assure that U.S. efforts in COCOM are in perspective with current developments in East-West relations" that steps must be taken to prevent deterioration of the COCOM system. In a period when trade prospects appear brighter, it is tempting but dangerous to overlook the fact that the COCOM system is concerned with security and should be altered in response to developments in East-West military, rather than economic, relations. Defense, therefore, believes that the choice between the two approaches outlined in the study involves a decision on the importance of export controls in our deterrent strategy; on their effectiveness in retarding communist military progress, their consequences for our defense budget, their impact on our trade and on our overall relations with our allies; in short, on the diplomatic and commercial costs of COCOM relative to its military and economic value to the United States.

  
U. Alexis Johnson  
Acting Chairman

Attachment:  
Study of the COCOM System

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